

**Excerpt from Journal**

**Office of the Legislative Counsel**

**Monday - 20 July 1964**

25X1 1.  Delivered to Robert Michaels, House Appropriations Committee staff, the suggested draft letter in connection with approval by the Chairman of the Agency budget. Michaels went over it and had no objections other than to indicate that he has been thinking of discussing with the Chairman ways of handling this notification in a more formal fashion such as possibly having the Speaker countersign this letter.

*John S. Warner*  
**John S. Warner**  
**Legislative Counsel**

cc: D/BPAM

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MEMORANDUM FOR THE RECORD

SUBJECT: Office of Security Briefing for  
Mr. Robert Michaels, Staff Assistant,  
Defense Appropriations Sub-Committee

1. Subject briefing was held in the Office of the Director of Security from 1115 to 1215 hours, 8 July 1964. Present were Mr. Michaels; Mr. Osborne, Director of Security; and Messrs. [ ] CBPAM. 25X1

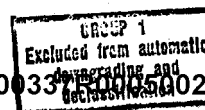
2. Mr. Osborne stated that CIA security has expanded in both size and concept in recent years. The reasons for this are threefold:

- a. Recognition of the Agency's growth; new buildings and installations.
- b. Recognition of the fact that Soviet intelligence is getting tougher; the KGB is probably the most advanced organization of its kind in the world. We must have a flexible system to cope with technical advancements. There are 430 illegal agents in this country.
- c. Due to the DCI's overall community-wide responsibility, CIA security is responsible for the security program of the entire intelligence community:
  - (1) Thru the Security Committee of the USIB
  - (2) XFO - security of contracts, clearances, etc.

3. The Office of Security has [ ] people, of which [ ] are in field offices. Security does a full clearance on all employees, including polygraph. Mr. Osborne is thoroughly in favor of use of the polygraph and is certain that we have successfully warded off penetrations through its use. 25X1

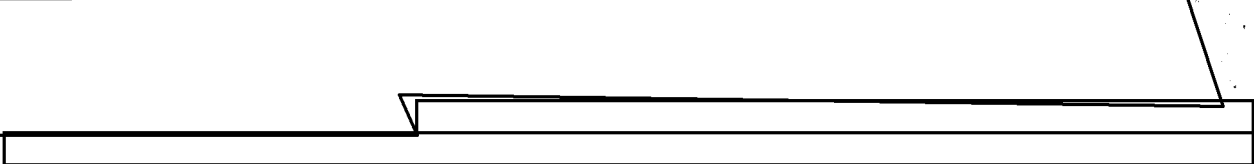
4. At the end of 1963, Security was responsible for the physical security of [ ] buildings here plus Headquarters Building. Security covers [ ] During 1963 Security was responsible for [ ] industrial contracts in [ ] firms; approximately [ ] people were cleared; [ ] man hours were devoted to activities of other Agencies; [ ] were serviced; 115,000 visitors were processed. Two million pounds of classified trash are 25X1  
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destroyed each month. In the nine agencies which comprise the intelligence community, 1,250,000 documents are processed each month.

5. Mr. Osborne stated that two problems on which Office of Security has spent a great deal of time are the Sgt. Dunlap defection and the Moscow Embassy microphone discovery.



Due to the Moscow case, the USIB Security Committee will probably recommend that the U. S. construct its own buildings everywhere.

6. Mr. Osborne stated that it was Security's belief that CIA has never been penetrated. We have, however, uncovered several cases which might have been potential penetrations. The Agency has a formal reinvestigation program for all employees, as well as informal review.

Mr. MICHAELS: What do you do about casual internal observation and reporting?

Mr. OSBORNE: We have no internal gestapo; observation is a supervisory responsibility. Security conducts 650 "problem" interviews each month, and much of this time is spent in justifying unfair allegations brought against employees. The Personnel Security Division is on duty 24 hours a day to prevent unwarranted publicity, and to aid the employee. Mr. Osborne described the extent of investigations for different types of employees, the guards, the GSI people.

Mr. MICHAELS: What about clearing employees who service the automatic cameras?

Mr. OSBORNE: Full investigation is conducted. Mr. Osborne stated that CIA has had the advantage of building from scratch a security system which is tailored precisely to our own requirements. CIA's small size has also been an advantage.

Mr. MICHAELS: What do you do about a contractor's plant and production personnel?

Mr. OSBORNE: Production personnel in sensitive operations are fully cleared but without polygraph. Office of Security has had some trouble with certain labor organizers who cannot be cleared, but we never interfere between management and the unions. We do, however, insist that our security standards be met.

7. Mr. Osborne discussed compartmentation within the Agency and again stressed the heavy emphasis placed on personnel security.

Mr. MICHAELS: Wouldn't it be most likely to have a Dunlap case occur just where it did--in the Army?

Mr. OSBORNE: Yes, and of course communicators are a prime target. In our own organization we subject commo types to closer security scrutiny.

Mr. MICHAELS: It would seem that an employee in the technical communications field would advance more slowly and would be more susceptible to inducement.

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8. The subject of published reports and exposés was discussed.

Mr. MICHAELS: What about the material for the "Invisible Government"? Was it derived from published sources?

Mr. OSBORNE: Partly, but there were definitely some leaks--possibly from disgruntled employees or knowledgeable people in other Agencies.

Mr. OSBORNE: This is a source of continuing concern to the Office of Security. The effect of such a book is serious, and most helpful to the opposition.

Mr. MICHAELS: Are you spending much effort trying to track down the sources?

Mr. OSBORNE: Yes, but it's extremely difficult.

Mr. MICHAELS: Just as an example, I accidentally learned of CIA's connection with "Southern Airways" (note: assume he refers to "Southern Air Transport"). MAIS had complained about unfair excess profits, and when I asked for statements concerning "Southern", I was told it was a classified operation.

9. Mr. Osborne stated that we believe in a human approach to security.

Mr. MICHAELS: It would seem that you would have to bend over backwards to avoid the American people's ingrained fear of the development of a Gestapo organization. I read somewhere that CIA had more suicides, more mental problems than any other Agency. Do we have statistics relative to mental unbalance--CIA vs NSA and other Government organizations?

Mr. OSBORNE: No, but I believe it about comparable.

10. Mr. Ecker asked Mr. Osborne if we assumed that the employee talked to his wife about classified matters. Mr. Osborne replied in the affirmative but stated that wives are also fully cleared. The worst security problem is the cocktail party.

11. A discussion on the use of the polygraph followed. Mr. Osborne said that no statistics are kept on the percentage of job applicants turned down through use of the polygraph vs other security factors.

Mr. MICHAELS: The polygraph has been the subject of much discussion lately as you are well aware. I feel that the polygraph is one indicator, not necessarily conclusive. Congressman Moss's tack has been that the polygraph is being used as conclusive evidence.

Mr. OSBORNE: Mr. Moss apparently believes that the results of the polygraph are not backed up by scientific fact.

Mr. MICHAELS: The public concept is the bouncing needle.

Mr. OSBORNE: We never take adverse security action on the basis of the needle, only on admissions made by the individual in the course of the polygraph exam.

The meeting adjourned on schedule.

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1	Mr. Warner, Legislative Counsel		
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APPROVAL	DISPATCH	RECOMMENDATION	
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CONCURRENCE	INFORMATION	SIGNATURE	
<b>Remarks:</b>  Reference my paragraph 4. in attached report of meeting with Michaels. Here is a clean copy of the proposed letter for Mr. Michaels. Would you see that it is delivered to him.			
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FROM: NAME, ADDRESS AND PHONE NO.			DATE
John M. Clarke, Director, BPAM			6/23/64
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Draft ltr to Mr. McCone re FY 1965 Budget



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